



State of Utah Department of Commerce

OLENE S. WALKER
Governor

KLARE BACHMAN
Executive Director

FRANCINE A. GIANI
Director, Division of Consumer Protection

PRESS RELEASE
For Immediate Release

Contact: Francine Giani
801 530-6601

Don't Get Taken by On-Line Auctions

As the economic downturn starts to settle into homes across the country, many Americans are finding new, high-tech ways to stretch family budgets. For some, the attic and Internet have become the places they have found to help get through these "tough" times.

With the help of one of the few thriving survivors of the Internet boom, the online auction, many families are turning old toys, long-abandoned hobbies, knick-knacks, collectables gathering dust and other household odds and ends into much needed cash.

But, as more consumers turn to the web for help through hard times, consumer protection officials expect to see additional cases of online fraud.

"Criminals have a knack of recognizing consumer trends and jumping on them," said Francine Giani, director, Utah Division of Consumer Protection. "Online auctions have always been fairly easy pickings for scam artists. As more consumers go to the web, as both sellers and buyers, and as people start looking for better and better deals, the chances of fraud increase dramatically."

According to Giani, Internet fraud is the largest category of consumer complaints received by the Utah Department of Commerce's Division of Consumer Protection during the past year and that trend appears unabated. A great majority of those complaints involve Internet auctions.

In the early days of the Internet, a distant five or six years ago, consumers were leery of the new technology and accordingly were much more cautious in their online purchases. Now days, with the web an integral and accepted part of our lives, carelessness and inattention have caused many to become victims.

"When Internet commerce was a new concept, people were extremely nervous about almost any online purchase. They did more research before committing to an Internet purchase," she said. "In the early days of the web, the complaints we saw were for tens and hundreds of dollars. Now days, it is not uncommon for complaints to be for several thousand dollars."

Many times, she says, consumers overlook obvious signs of potential fraud in their search for a "good deal."

"It is one thing to go on EBay and bid on something that is up for auction from a clearly established seller," she says. "But to spend hundreds or thousands of dollars, overlooking clear danger signs, just because you think will save a few dollars is unwise."

Giani says obvious signs of fraud can be auctions of newly released items such as high-end digital cameras, DVD players or video recorders that are in short supply in retail stores. Scam artists she says, will post numerous auctions advertising these items at remarkably low prices.

“More often than not the seller turns out to be outside the United States, or wants you to pay by Western Union,” Giani says. “In those circumstances, the alarm bells should be ringing in the back of your mind. You are being scammed. If you go through with the deal, Consumer Protection, the FBI, EBay or probably anyone else will be unable to recover your money. The consumer has to be his or her first line of defense. It’s that old, tired adage; if it is too good to be true, it probably is a scam.”

Consumer protection advocates, Giani says would like to see Internet companies be much more aggressive in taking the lead in efforts to protect buyers from scams. Online companies have policies and procedures in place regarding consumer protection, she says. But she believes they could do more to halt auctions that have the elements of many of the more common scams.

“When someone in Romania, with no previous selling history, is offering six Canon digital cameras that are in such demand that they aren’t available even in a large New York City photo shop, it shouldn’t take a rocket scientist to figure out that maybe that auction should be halted,” she says. “But auction houses don’t appear to want to take the lead in protecting the buyer, they seem to rather let the consumer try to pick up the pieces after they have been victimized.”